

91-449

No. \_\_\_\_\_

Supreme Court, U.S.  
FILED

SEP 10 1991

OFFICE OF THE CLERK

IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1991

**STRATAGENE,**  
*Petitioner,*

vs.

**WILLIAM D. HUSE and IXSYS, INC.,**  
*Respondents.*

PETITION FOR WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

**PETITION FOR WRIT OF CERTIORARI**

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## QUESTION PRESENTED

The United States Court of Appeals for the Federal Circuit has exclusive jurisdiction over appeals from civil actions "arising under any Act of Congress relating to patents." The district court dismissed petitioner's complaint on the grounds of lack of subject matter jurisdiction (counts 1 and 2 for declaration of joint inventorship and declaration of date of invention, respectively) and failure to state a claim (count 9 for antitrust violations under section one of the Sherman Act). (Federal jurisdiction over the remaining claims was based on pendent or ancillary jurisdiction and, therefore, those claims were also dismissed.) On appeal, the Federal Circuit affirmed the dismissal of the complaint. The question presented here is whether the Federal Circuit exceeded its authority when it affirmed the dismissal of the antitrust cause of action (count 9) after it had determined that counts 1 and 2 did not "arise under the patent laws" and thus, conferred no jurisdiction on the Federal Circuit.

## **PARTIES TO THE PROCEEDING**

Petitioner is Stratagene, dba Stratagene Cloning Systems, which has a wholly owned subsidiary, Stratacyte Corporation.

Respondents are William D. Huse and Ixsys, Inc.



## TABLE OF CONTENTS

	Page
QUESTION PRESENTED . . . . .	i
PARTIES TO THE PROCEEDING . . . . .	ii
TABLE OF AUTHORITIES . . . . .	v
JURISDICTION . . . . .	1
STATUTORY PROVISIONS INVOLVED . . . . .	2
STATEMENT OF THE CASE . . . . .	2
ARGUMENT . . . . .	4
1. The Federal Circuit Refused to Follow Supreme Court Precedent by Reaching the Merits of the Dismissal of the Antitrust Cause of Action After It Determined that the Case Did Not "Arise Under the Patent Laws." . . . .	4
2. The Federal Circuit Erred by Failing to Transfer the Case to the Ninth Circuit for Determination of the Antitrust Issues. . . . .	6

	Page
CONCLUSION. . . . .	7
APPENDIX A	
JUDGMENT, FEDERAL CIRCUIT, ENTERED MAY 17, 1991. . . . .	A1
APPENDIX B	
JUDGMENT, U.S. DISTRICT COURT SOUTHERN DISTRICT OF CALIFOR- NIA, ENTERED JULY 18, 1990 . . . . .	B1
APPENDIX C	
ORDER, U.S. DISTRICT COURT SOUTH- ERN DISTRICT OF CALIFORNIA, ENTERED JULY 18, 1990 . . . . .	C1
APPENDIX D	
TRANSCRIPT OF HEARING BEFORE U.S. DISTRICT COURT SOUTHERN DISTRICT OF CALIFORNIA, DATED JULY 9, 1990. . . . .	D1
APPENDIX E	
ORDER DENYING PETITION FOR REHEARING, FEDERAL CIRCUIT, FILED JUNE 12, 1991 . . . . .	E1
APPENDIX F	
STATUTES	
28 U.S.C. §§ 1295(a), 1338(a), 1631. . . . .	F1

## TABLE OF AUTHORITIES

### Page

### Cases

Christianson v. Colt Industries Operating Corp. 486 U.S. 800 (1988) . . . . .	3, 4, 6
Consolidated World Housewares, Inc. v. Finkle 831 F.2d 261 (Fed. Cir. 1987) . . . . .	7
Gronholz v. Sears, Roebuck & Co. 836 F.2d 515 (Fed. Cir. 1987) . . . . .	7
Schwarzkopf Development Corp. v. Ti-Coating, Inc. 800 F.2d 240 (Fed. Cir. 1986) . . . . .	7
USM Corp. v. SPS Technologies, Inc. 770 F.2d 1035 (Fed. Cir. 1985) . . . . .	7

### Statutes

15 U.S.C. § 1 . . . . .	2
15 U.S.C. § 15 . . . . .	2
15 U.S.C. § 26 . . . . .	2
28 U.S.C. § 1254(1) . . . . .	1
28 U.S.C. § 1295(a) . . . . .	2, 3
28 U.S.C. § 1295(a)(1) . . . . .	4
28 U.S.C. § 1338 . . . . .	3
28 U.S.C. § 1338(a) . . . . .	2, 4
28 U.S.C. § 1631 . . . . .	2-7
35 U.S.C. § 111 . . . . .	2
35 U.S.C. § 116 . . . . .	2

### Rules

Fed. R. Civ. P. 12(b)(6). . . . .	2
Federal Circuit Rule 36. . . . .	2, 3



No. \_\_\_\_\_

**In The  
SUPREME COURT OF THE UNITED STATES  
October Term, 1991**

**STRATAGENE,**

*Petitioner,*

vs.

**WILLIAM D. HUSE and IXSYS, INC.,**

*Respondents.*

---

**PETITION FOR WRIT OF CERTIORARI**

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**JURISDICTION**

The date of entry of the judgment of the Federal Circuit sought to be reviewed is May 17, 1991 (App. A). An order denying petitioner's petition for rehearing was entered on June 12, 1991 (App. E). This Court has jurisdiction to review the judgment under 28 U.S.C. § 1254(1).

## STATUTORY PROVISIONS INVOLVED

This case involves the following statutes: 28 U.S.C. §§ 1295(a) concerning jurisdiction of the Federal Circuit, 28 U.S.C. § 1338(a) concerning jurisdiction of federal district courts, and 28 U.S.C. § 1631 concerning transfer of cases (see Appendix F).

## STATEMENT OF THE CASE

Petitioner Stratagene filed suit in United States District Court for the Southern District of California requesting, among other things, a declaration of joint inventorship under 35 U.S.C. §§ 111 and 116 (Count 1), a declaration of date of invention (Count 2), and stating a cause of action under section 1 of the Sherman Act, 15 U.S.C. § 1 (Count 9). Jurisdiction over Counts 1 and 2 was based on 28 U.S.C. § 1338(a). Jurisdiction over Count 9 was based on 15 U.S.C. §§ 15 and 26. Jurisdiction over the remaining counts was based on pendent or ancillary jurisdiction.

The district court dismissed Counts 1 and 2 for lack of jurisdiction, on the ground that these causes of action did not "arise under the patent laws" (App. D, pp. 19-21). The district court dismissed Stratagene's anitrust cause of action (Count 9) for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6) (App. D, pp. 21-22). Because jurisdiction over the remaining counts was based on pendent or ancillary jurisdiction, these dismissals necessitated dismissal of the entire complaint (App. B and C).

The Federal Circuit summarily affirmed the district court's decision under Federal Circuit Rule 36 (App.

A).<sup>1</sup> By this affirmance, the Federal Circuit approved both the dismissal of Counts 1 and 2 for lack of jurisdiction and the dismissal of Count 9 for failure to state a claim.

The decision of the Federal Circuit to address the merits of the dismissal of Stratagene's antitrust cause of action is in direct conflict with this Court's holding in *Christianson v. Colt Industries Operating Corp.*, 486 U.S. 800 (1988). Under this Court's decision in *Christianson*, once the Federal Circuit decided that Counts 1 and 2 did not "arise under the patent laws," and, therefore, federal jurisdiction under 28 U.S.C. § 1338 was lacking, the Federal Circuit had no jurisdiction over the case under 28 U.S.C. § 1295(a). Therefore, the Federal Circuit had no jurisdiction to decide the antitrust issue, but should have, instead, transferred the case to the Ninth Circuit under 28 U.S.C. § 1631.

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<sup>1</sup> Rule 36 provides in pertinent part:

The court may enter a judgment of affirmance without opinion, citing this rule, when it determines that any of the following circumstances exist:

....

(e) a judgment or decision has been entered without an error of law; and an opinion would have no precedential value.

## ARGUMENT

### **1. The Federal Circuit Refused to Follow Supreme Court Precedent by Reaching the Merits of the Dismissal of the Antitrust Cause of Action After It Determined that the Case Did Not "Arise Under the Patent Laws."**

Under 28 U.S.C. § 1295(a)(1), the Court of Appeals for the Federal Circuit has exclusive jurisdiction over "an appeal from a final decision of a district court of the United States . . . if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, . . . ." Section 1338(a), in turn, provides in pertinent part that "[t]he district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents . . . ." Thus, jurisdiction of the Federal Circuit turns on whether a case "arises under" federal patent law. Under these statutes, once the Federal Circuit affirmed the district court's dismissal of Counts 1 and 2 of Stratagene's complaint on the ground that those causes of action did not arise under the patent laws, the Federal Circuit no longer had jurisdiction over the case. Accordingly, it had no authority to review the district court's dismissal of Count 9. Instead, this case should have been transferred to the Ninth Circuit under the authority of 28 U.S.C. § 1631.

This conclusion is mandated by this Court's decision in *Christianson v. Colt Industries Operating Corp.*, 486 U.S. 800 (1988), in which the Court stated:

Our agreement with the Federal Circuit's conclusion that it lacked jurisdiction, compels us to disapprove



of its decision to reach the merits anyway "in the interest of justice." 822 F.2d at 1559. "Courts created by statute can have no jurisdiction but such as the statute confers." *Sheldon v. Sill*, 8 How. 441, 449 (1850). See also *Firestone Tire & Rubber Co. v. Risjord*, 447 U.S. 368, 379-380 (1981). The statute confers on the Federal Circuit authority to make a single decision upon concluding that it lacks jurisdiction — whether to dismiss the case, or "in the interest of justice," to transfer it to a court of appeal that has jurisdiction. 28 U.S.C. § 1631.

The age-old rule that a court may not in any case, even in the interest of justice, extend its jurisdiction where none exists has always worked injustice in particular cases. Parties often spend years litigating claims only to learn that their efforts and expense were wasted in a court that lacked jurisdiction. . . .

. . . .

We vacate the judgment of the Court of Appeals for the Federal Circuit and remand with instructions to transfer the case to the Court of Appeals for the Seventh Circuit. See 28 U.S.C. § 1631.

486 U.S. at 818-819. In this case, as in *Christianson*, once the Federal Circuit decided that it lacked jurisdiction over the case, only one decision remained: whether to dismiss the case or transfer the case to the Ninth Circuit in the interest of justice under 28 U.S.C. § 1631. The Federal Circuit simply had no jurisdiction to rule on the propriety of the district court's dismissal of the antitrust claim. It was error for the Federal Circuit to reach the merits of the dismissal of Stratagene's antitrust claim.

**2. The Federal Circuit Erred by Failing to Transfer the Case to the Ninth Circuit for Determination of the Antitrust Issues**

Due to the specialized nature and unique jurisdiction of the Federal Circuit, it is not always obvious whether a given case is appealable to the applicable regional circuit or to the Federal Circuit. To avoid harsh results that might have occurred if the wrong choice of appellate court were fatal and the wasted effort that might occur if counsel were required to file duplicate appeals, 28 U.S.C. § 1631 provides for transfer of actions between appellate courts:

Whenever . . . an appeal is filed in a court . . . and that court finds there is a want of jurisdiction, the court *shall*, if it is in the interest of justice, transfer such . . . appeal to any other such court in which the . . . appeal could have been brought at the time it was filed or noticed, . . . .

28 U.S.C. § 1631 (emphasis added). Thus, in cases involving transfer between the Federal Circuit and regional circuits, justice dictates transfer rather than dismissal.<sup>2</sup>

## CONCLUSION

For all of the foregoing reasons, Petitioner Stratagene requests that this Petition be granted to allow the Court to address the Federal Circuit's decision on a question of federal jurisdiction which conflicts with this court's decision in *Christianson*.

Dated: September 10, 1991.

Respectfully submitted,

COE A. BLOOMBERG  
*Counsel of Record*

*Of Counsel*  
LYON & LYON  
DOUGLAS E. OLSON  
NANCY K. DAHL

*Attorneys for Petitioner*

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<sup>2</sup> See, e.g., *Gronholz v. Sears, Roebuck & Co.*, 836 F.2d 515 (Fed. Cir. 1987) (transfer to Eighth Circuit); *Consolidated World Housewares, Inc. v. Finkle*, 831 F.2d 261 (Fed. Cir. 1987) (transfer to Seventh Circuit); *Schwarzkopf Development Corp. v. Ti-Coating, Inc.*, 800 F.2d 240 (Fed. Cir. 1986) (transfer to Second Circuit); *USM Corp. v. SPS Technologies, Inc.*, 770 F.2d 1035 (Fed. Cir. 1985) (transfer to Seventh Circuit).



## APPENDIX A



**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

☒ FILED      ☐ LODGED  
☐ RECEIVED ☐ ENTERED  
MAY 21 1991

Clerk, U.S. District Court  
Southern District of California  
By /s/ \_\_\_\_\_ Deputy

☐ FILED      ☐ LODGED  
☐ RECEIVED ☒ ENTERED  
MAY 22 1991

Clerk, U.S. District Court  
Southern District of California  
By /s/ \_\_\_\_\_ Deputy

90-1525

STRATAGENE,  
Plaintiff-Appellant,  
v.

WILLIAM D. HUSE and IXSYS, INC.,  
Defendants-Appellees.

FILED  
U.S. Court of Appeals  
for the Federal Circuit  
MAY 17 1991  
Francis X. Gindhart  
Clerk

**JUDGMENT**

*ON APPEAL from the United States District Court  
Southern District of California*

*in CASE NO(S) 90-CV-588*

*This CAUSE having been considered, it is  
ORDERED and ADJUDGED:*

-A 2-

Per Curiam (NIES, Chief Judge, NEWMAN and  
PLAGER, Circuit Judges):

AFFIRMED. See Fed. Cir. R. 36.

DATED MAY 17 1991

ENTERED BY ORDER  
OF THE COURT

/s/ Francis X. Gindhart  
Francis X. Gindhart, Clerk



**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

☐ FILED      ☐ LODGED  
☒ RECEIVED ☐ ENTERED  
MAY 21 1991  
Clerk, U.S. District Court  
Southern District of California  
By                      Deputy

**NOTICE OF ENTRY OF  
JUDGMENT WITHOUT OPINION  
JUDGMENT ENTERED: MAY 17 1991**

The judgment of the court in your case was entered today pursuant to Rule 36. No opinion accompanied the judgment. The mandate will be issued in due course.

Costs may be recoverable under Rule 39. A party entitled to costs is provided with a bill-of-costs form and an instruction sheet with this notice.

The parties are encouraged to stipulate to the costs. A bill of costs will be presumed correct in the absence of a timely filed objection.

Costs when taxed are payable to the party awarded its costs. If costs are awarded to the government, they should be paid to the Treasurer of the United States. Payment should be made to counsel for the party awarded costs or, if the party is not represented by counsel, to the party pro se. Costs should be paid promptly.

Exhibits and visual aids shall be promptly retrieved by the party that lodged them with this court.

**FRANCIS X. GINDHART**  
Clerk

**STRATAGENE V HUSE, 90-1525**  
(DCT SD/CA - 90-CV-588)



## **APPENDIX B**



**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA**

☒ FILED      ☐ LODGED  
☐ RECEIVED ☒ ENTERED  
JUL 18 1990  
Clerk, U.S. District Court  
Southern District of California  
By                      Deputy

STRATAGENE,

v.

WILLIAM D. HUSE and IXSYS, INC.

Case Number: 90-0588GT(M)

**JUDGMENT IN A CIVIL CASE**

☐ Jury Verdict. This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

☒ Decision by Court. This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED that defendants' motion to dismiss for lack of subject matter jurisdiction (Counts 1 and 2) and for failure to state a claim (Court 9) is granted, and the entire complaint is hereby dismissed. Defendant's motion for sanctions is denied.

July 18, 1990  
Date

William W. Luddy  
Clerk

Monique J. Chapple  
(By) Deputy Clerk



## APPENDIX C





PILLSBURY, MADISON & SUTRO  
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☒ FILED      ☐ LODGED  
☐ RECEIVED ☐ ENTERED  
JUL 17 1990  
Clerk, U.S. District Court  
Southern District of California  
By                      Deputy

☐ FILED      ☐ LODGED  
☐ RECEIVED ☒ ENTERED  
JUL 18 1990  
Clerk, U.S. District Court  
Southern District of California  
By                      Deputy

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA**

STRATAGENE, a California corporation,  
Plaintiff,  
vs.  
WILLIAM D. HUSE, an individual and  
IXSYS, INC., a Delaware Corporation,  
Defendants.

No. 90 0588 GT (M)

ORDER DISMISSING COMPLAINT FOR  
LACK OF SUBJECT MATTER JURISDIC-  
TION AND FOR FAILURE TO STATE A  
CLAIM AND DENYING MOTIONS FOR  
SANCTIONS

Defendants' motion to dismiss the complaint (Fed.R.Civ.P. 12(b)) and defendants' motion for sanctions (F.R.Civ.P. 11) came on for hearing on July 9, 1990. Lyon & Lyon, Douglas E. Olson and Bradford J. Duft, appeared for plaintiff; Pillsbury, Madison & Sutro, Russell L. Johnson, appeared for defendants. For the reasons stated in the Opinion of the Court delivered from the bench, defendants' motion to dismiss for lack of subject matter jurisdiction (Counts 1 and 2) and for failure to state a claim (Count 9) is granted, and the entire complaint is hereby dismissed. Defendants' motion for sanctions is denied.

Dated: July 16, 1990.

/s/ Gordon Thompson, Jr.  
\_\_\_\_\_  
The Honorable Gordon Thompson, Jr.  
United States District Judge

## **APPENDIX D**



**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA**

**STRATAGENE, a California corporation,  
Plaintiff,  
vs.**

**WILLIAM D. HUSE, an individual and  
IXSYS, INC., a Delaware Corporation,  
Defendants.**

Civil No. 90 0588  
San Diego, California  
July 9, 1990

**HEARING DEFENDANTS' MOTION TO  
DISMISS AND FOR SANCTIONS**

**Appearances:**

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BRADFORD J. DUFT, ESQ.  
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**For the Defendants:**

**PILLSBURY, MADISON & SUTRO  
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10 Almaden Boulevard  
San Jose, California 95113**

**Court Reporter:**

**ANN BUTCHER  
U.S. Courthouse, Courtroom One  
940 Front Street  
San Diego, California 92189**

**Recorded by Stenography: Transcript Produced by Computer**

SAN DIEGO, CALIFORNIA  
MONDAY, JULY 9, 1990, 10:30 A.M.

---0---

THE CLERK: No. 8 on Calendar, Case No. 90-0588. Stratagene, et cetera, versus William D. Huse, et cetera, et al., Defendants' Motion to Dismiss and for Sanctions.

MR. JOHNSON: Good morning, your Honor. Russell Johnson, Pillsbury, Madison & Sutro, appearing for the defendants and moving parties.

MR. OLSON: Douglas Olson of Lyon & Lyon for Stratagene, along with Bradford Duft.

MR. STEIGLER: Your Honor. Tony Steigler to monitor the proceedings on behalf of Scripps.

THE COURT: This is a Motion to Dismiss brought by the defendants in this case, and for sanctions.

Does Counsel care to address the motion any further?

MR. JOHNSON: Yes. Your Honor. If you please, there are a few things I'd like to say.

THE COURT: Go ahead.

MR. JOHNSON: First off, I think this case, despite its apparent complexities on the surface, comes down to one central issue. What we have here is an argument over the ownership of technology, and all the parties' rights and obligations with regard to that technology are defined in three different agreements. The first agreement being Dr. Huse's invention and confidentiality disclosure. The second being the three letters of intent between Stratagene and Scripps which the plaintiff refers to as the collaboration agreement. The third being the assignment to Scripps of the invention by Dr. Huse back in December of 1989.

Now those three agreements and not federal patent law determine who is entitled to the ownership of the invention that is at issue in this case.

Now several times in the memo the plaintiff in this case claims that those contracts are not at issue and that there is no dispute with regard to the rights and obligations of the interpretation of the contract. This claim, in their opposition papers, is directly contrary to the facts pleaded in both the original complaint and the amended complaint, which makes it very clear that there is substantial disputes with regard to the rights and obligations of the parties. For example, even their opposition papers state that this lawsuit was filed because Stratagene was denied an undivided one-half interest under the collaboration agreement by the action of the defendants, and that's at plaintiff's opposition memorandum page 2.

Now certainly one issue in this case is whether those three series of letters constitute a contract at all. They're best characterized not as a collaboration agreement, but as letters of intent, since they all contemplated a subsequent comprehensive agreement that the knowledge of the defendants was never entered into.

Now the plaintiff claims that the date of inventorship is the central issue in this case, and on that, the defendants certainly agree. However, it's the central issue in this case not because of some patent law issue, but because the date of invention will determine whether or not Dr. Huse is obligated under his invention and assignment agreement to assign the invention to Stratagene.

Now the claim that Dr. Huse used confidential information in making the invention again. That's not a federal patent claim. Nor does it give rise to any issues of federal patent law. It's a straight claim right out of the California Uniform Trade Secrets Act.

I think the single most important thing is clear for the court in deciding this motion is the plaintiff has failed to cite a single case to this court which holds that there is jurisdiction over the issues before this court. They've cited only two cases in support of their motion. They

cited a *Christianson v. Colt Industries Corp.* case. A United States Supreme Court case, where it's held that there is no patent jurisdiction where a defense was raised—under the patent laws.

They also cited the *MCV Inc. versus King-Seeley Thermos Company* case which they assert in their memorandum. This is a quote, wholly supports plaintiff's assertion of jurisdiction, close quotes. That's at plaintiff's opposition memorandum page 6. However, even a cursory reading of that case indicates that its application to the facts before this court are very different, because that case dealt with an issued patent.

The *MCV* cause of action was created by, and it's in the footnote in the opinion where they cite the statute 35 U.S.C. Section 256, which specifically gives courts jurisdiction to correct errors in the naming of inventors in issued patents, and under that section, a prerequisite to the jurisdiction of the court, is an issued patent which does not exist here.

Now in contrast to the lack of support for plaintiff's position, we've cited numerous cases to the court holding that there is no jurisdiction in situations similar to the one before the court.

For example — and let me just say tha [*sic*] they've made an attempt to distinguish those cases, and yet I believe the attempt that they've made points out more clearly than possibly we did in our own papers the inapplicability of the cases.

For example, they tried to distinguish the *Lockhart* case by saying that it involved rights under an assignment agreement. And the two other cases we cited, the *New Marshall Engine Company* case and the *Gate-way* case involved actions for breach of assignment agreements, and that's precisely the issue that is presented here. They claim that Dr. Huse breached his obligation



to assign this invention to Stratagene. That's the core issue in this complaint.

Now they attempt to distinguish the *Beghin-Say* case that we cited on the grounds that Stratagene's suit is, quote, not a pure and simple contract suit. But just as in *Beghin-Say*, the present case between Stratagene and Dr. Huse does not involve patent validity, patent infringement, fraud upon the patent office, or patent antitrust. That's what the *Beghin-Say* court and also the other cases that we cited have said. Those are the patent issues for resolution by this court. None of those patent issues exist in the present case.

How do they try and distinguish the *Beghin-Say* case which dealt with facts remarkably similar to ours? They make much in their distinction of the case by talking about the *Crown Die* case, an older supreme court decision. However, that case involved no facts similar to the ones before this court. That case involved the interpretation of a patent statute governing the right to sue under an issue patent. Again, we don't have an issue patent here.

And finally, let's talk about the *Consolidated Housewares* case that we cited, because they tried to distinguish that case by saying that there is only one patent application here and, therefore, there can be no interference proceeding before the patent office.

First off, I don't believe that helps them because it doesn't establish the jurisdiction in this court even if that was true, because they could file a patent application and bring the interference proceedings. And I believe the cases make it clear that before the patent issues, questions of interference of inventorship belong in the patent office. That's the holding in the *Beghin-Say* case.

But more troublesome to me is the fact that they know very well that there is more than one patent application

here. There is more than one patent application, and the interference proceeding is not only possible, but the required way to bring this matter to issue.

Now all you have to do is look at Mr. Olson's declaration. And he said I understood it was a possibility that Huse/Ixsys may also have filed applications. In fact, he not only understood it, but we discussed a mutual exchange of those patent applications.

More importantly, their own papers are replete with admissions. Paragraph 16 of the complaint says that Huse has claimed ownership of one of more United States patents. And there are over 25 references to plural Huse applications.

They've now tried to say, but those references only have to deal with applications filed in his own name and that there are no over [sic] applications that would create an interference. And in that regard, in their motion to strike, they cited to the court paragraph 85 of the amended complaint. They failed, however, your Honor, to quote the entire paragraph of that to the court. They made a selective quotation.

If I might, I'd like to read paragraph 85 of the amended complaint to the court. Because paragraph 85 says in its complete text, plaintiff Stratagene and co-conspirator Scripps agree, pursuant to the research collaboration agreement, that the recombinant antibody technology developed as a result of collaboration between the two entities would be jointly owned by Stratagene and Scripps.

In accordance with that agreement, several, several patent applications relating to the recombinant antibody technology have been jointly assigned to Stratagene and Scripps. Now that's telling because right there they admit that there are several that are already assigned to both of them.

Then they go on to say, however, Huse claims to have been the sole inventor and owner of certain aspects of the recombinant antibody technology of patent applications. The Huse applications have been filed by Scripps in the name of Huse alone.

So it's quite clear from their own complaint, your Honor, that there is more than one application on file with regard to this. There are applications assigned to Scripps and Stratagene. Then there are patent applications assigned only by Dr. Huse to Scripps which Scripps has refused to assign to Stratagene.

If I might, your Honor, I'd like to hand you up something to clear this up, because I think this is an important enough issue, and I'm going to also give plaintiff's counsel a copy. And I believe they've seen this before because it was prepared by their patent counsel who represents Scripps and Stratagene, Mr. Bingham. What this is, your Honor, is a diagram prepared by Mr. Bingham which represents a history of some of the patent applications that have been filed here. And I believe Mr. Duft, counsel for the plaintiffs, told me at this point now there are 15 different applications on file involving this technology. They're all not shown here because this particular diagram prepared ends with the filings in December of '89 and it doesn't cover the 1990 filings.

I'd like to just call the court's attention to the second page for the moment, because that's the page that involved the new method for tapping the immunological repertoire, which is the more specific patent application, as I understand it, that deals with the invention.

The court will note that on May 16th, 1989, the first application was filed, and the inventors on that were Lerner, Sorge, and Huse.

Then the very next day there was a continuation, in part, filed, application 182.1, again naming Lerner, Sorge, and Huse.

Then there was a continuation filed of that shown also as 82.1 continuance that was filed again in the name of Lerner, Sorge, and Huse.

And finally, in July there was a continuation, in part, form 82.1, again Lerner, Sorge and Huse.

Now if the court will recall, on December 1, 1989, Dr. Huse enters into his assignment with Scripps in which Scripps agrees not to assign the technology to Stratagene. Three days later, on December 4th, there are two filings, and these are the key filings: 182.3, which is filed on December 4th, which names only Lerner and Sorge and is a continuation in part from the May 17th filing: and then a separate application for Dr. Huse, which is a continuation in part from two other prior filings.

Now, your Honor, this has all long been known to the plaintiff, and clearly here are two patent applications ripe for interference proceeding, 182.3 and 182.4.

As I said, even had this not been true and they wanted to challenge the inventorship, the proper forum for them to do it is to file a patent application and bring an interference if the pending application is forum suitable. It is not to bring an action in the district court.

At this stage, the question of inventorship can only been raised in the patent office. And 37 C.F.R. 1.56 requires that declarations be filed with the patent office disclosing all information which is material to the examination, including prior invention by another and inventorship conflicts.

Now one of my questions here is, I wonder if there has been any such declarations filed. Certainly their client Stratagene has had an opportunity to review these

patent applications, has filed declarations, and has also had an opportunity to say whether or not any of the filings with regard to the inventorship have been true or false. -

And finally I would just like to briefly address the plaintiff's antitrust claim which I believe is equally without merit. Plaintiff has failed to allege any antitrust injury here. Nor can he.

No one under the present conditions is excluded from using this technology. No one is excluded from licensing this technology. Until this patent is issued. And particularly where here there has been a publication describing the technology. Everyone is free to practice the technology. No one will be excluded from this technology until and if a patent is issued. And if a patent is issued, they can still allege no antitrust injury as a result of the failure to make an assignment to them because the patent laws grant to the holder of the patent a lawful monopoly and the right not to assign.

The cases that they cited, which are the group boycott cases involving the New York Stock Exchange, *Silver versus New York Stock Exchange* and the classic *Broadway-Hale* case. Both involve exclusion from a market by an agreement among a significant number of competitors in the marketplace. And they have been able to make no such allegation, nor can they, that they have been excluded from doing anything as a result of the conspiracy of an antitrust nature. The most they can allege — they have been able to allege is that an ownership dispute which exists has prevented them from licensing. And that does not state an antitrust claim, nor does it constitute antitrust injury.

I believe that this antitrust claim was clearly asserted solely for the purpose of getting jurisdiction in federal court.

Under the Supreme Court's decision in *Cooter & Gell versus Hallmarx Corporation*. I believe that sanctions are appropriate here under rule 11 of the Federal Rules of Civil Procedure.

And, your Honor, I don't know whether you want me to go ahead and address the indispensable party question or you would like to reserve that until we deal with the jurisdictional question.

THE COURT: Let's deal with the jurisdictional question. But I need your name again, sir.

MR. JOHNSON: It's Russell Johnson, your Honor.

THE COURT: Thank you.

MR. OLSON: Good morning, your Honor, Douglas Olson for Stratagene.

First addressing the questions of patent jurisdiction, I would like to direct the court's attention to the *MCV* case which we have cited, page 1571. I'd like to quote from the left-hand column.

*MCV's* co-ownership arises from and depends solely on the patent law issue of inventorship. The same is true here. At least one of *Stratagene's* — one pleaded in the counts we're talking about — at least one the *Stratagene's* rights to co-ownership arises from and depends solely on the patent law issue of co-inventorship. Ownership follows inventorship.

And at page 7 of their main brief, the defendants have admitted that who owns the invention is a key issue in this case. And as to at least count one, that issue is clearly set forth as a patent law ownership issue. At page 7 of their main brief, plaintiff — defendants also admit that the time of making the invention or when the invention was made is another issue here. When the invention is made involves questions of who made it and what the invention is. Those are all ownership issues which again were indicated to be issues of patent law



involving 35 U.S.C. Sections 116 on joint inventors, 112 for claim interpretation, and 102(f) for originality of conception. And those were the issues.

Now Mr. Johnson says that the *MCV* case is different because it was based upon a cause [o]f action under 256 which is one prong of the *Christianson* case. However, the other prong of the *Christianson* case involves a case which involves the federal issues of patent law. And that's clearly what we have here and that's clearly what is indicated in the *MCV* case.

Now Mr. Johnson says that there are various contract law issues involved. There are not contract issues of law involved in count one which go simply to the question of joint inventorship and therefore ownership. And to the count two which goes to the question of timing of the invention. And those are the counts that they have directed their attention to. Those are the counts in issue.

The argument goes far beyond the complaint in trying to raise contract law issues as to the causes of action stated in count one and in count two. Mr. Johnson says there are contract law issues. But where are they and what are they? Count one and count two do not require reliance on the collaboration agreement. Count one, which is directed to joint inventorship, basically would give Stratagene co-ownership if joint inventorship is found. It's not dependent upon that collaboration agreement at all. And the collaboration agreement is not cited as a basis for count one which goes to joint inventorship.

With regard to timing, I think everybody agrees that Huse has a right to assign the invention to Stratagene if he made the invention while he was working at Stratagene. I don't think there is any contract law issue there. I've not heard any. And there was a contract, agreed, but I've not heard any issue of contract. It's a straight, garden variety, you work for me, you assign the inventions you make. So the only question is, did he

make it while he was working there. And that's what is brought up in count two. The date of the invention. And we've not heard from Huse what this mythical contract law issue is and, furthermore, it would be going beyond — improperly beyond the complaint in this motion to dismiss because it's not stated in count two.

Now much of Mr. Johnson's argument has gone to this question of, I guess for lack of a better term, exhaustion of administrative remedy. Whether we should have been required to bring an interference proceeding in the patent office.

First he goes through this tortured analysis to show that somehow we could have had applications on file that would have made that possible. And interestingly, when he gets through his analysis, he says two cases that are important. One is in the name of Huse and the other is in the name of Lerner and Sorge. So again we get down to the fact we have the one Huse application and the one Lerner, Sorge. And that's the way the forms were filed. One for an application for Huse and one for Lerner, Sorge. Now there may be this very complicated family tree. But that seems to be the way it shakes up.

The law is clear that you can't file an interference until two things happen, one, the patent office — well, you don't file. The patent office declares an interference. You may tell the patent office that it will happen some day, but it won't happen until two things happen. First, there has to be two patents claiming the same invention with different inventors. And he has not established that that is the case. More importantly, an interference will not happen until one of those patents claim the same invention has been declared to contain allowable subject matter. Now that could be two, three, four years off. Once an interference is declared, we're talking about several more years. So at a minimum, four



or five years to achieve this relief. Now is that necessary? No. It's not.

Your Honor, I would like to quote a case that I apologize for. We did not really cite this case previously, but it goes directly to this issue. It's *Richardson versus Suzuki*. It's at 868 Fed.2d 1226. This case involved a mechanic in California — it originated in the central district — a mechanic in California came up with a better way of making an axle — I believe. Or some part of a motorcycle. And he brought his ideas to Suzuki. And what they did was to file some patents and some applications based upon the ideas that Richardson brought to Suzuki. And in his complaint Richardson said that I should be entitled to ownership of these applications because they were based upon, at least in part, my invention. He claimed he was a co-inventor. And Suzuki made the same argument that Huse is making here. This case is not ripe for determination. There should be an interference in the patent office.

And in this case, in the appeal to the Federal Circuit, the court said, at page 1250 at the top of the page, Suzuki argues that Richardson has no remedy other than by seeking an interference in the United States Patent and Trademark Office with his own invention and presumably by taking similar actions, if such are available, in other countries. We do not agree. The courts are not powerless to redress wrongful appropriation of intellectual property by those subject to the court's jurisdiction.

So in this case, the court was indicating that Mr. Richardson was not powerless to stand by helpless for years while the patent office addressed, first, the patentability of these inventions and, secondly, if it found them patentable and it found there were two applications which were properly interference, address the question of originality of priority of invention. And really an interference is for priority of invention, who made it

first. We're not talking about who made it first here. We're just talking about who made it, Huse alone or Sorge and Huse.

Now it's true, your Honor, by kind of a backwards procedure, the patent office will entertain an interference based on a fight between two people. But that's not really what an interference is about. It's about who made it first. Not taking between two inventors, and that's sort of an unusual procedure for the patent office to actually do this. And there are no conflicting inventions here. There is only the one invention. That's the point.

Now in doing this, the court, the Federal Circuit, relied upon *Colgate versus Carter*, 230 Fed.2d 855. In that case the court also accorded the assignment of a patent application. So it's not just a patent, patent applications can be dealt with.

Similarly, the court cited the case of *De Long versus Lucas*, 176 Fed.2d 104. Again in that case applications were an issue.

In the *Richardson v. Suzuki* case, on page 1249, it appears that patents and applications were an issue, too, based upon the answer to question — based upon the question page 1 presented to the jury.

So what we have here plain and simple is a case which meets the second prong of the *Christianson* test. The important issues of patents law are presented.

Now I'm not sure what Huse would have us do. Have us file in state court and present all of these patent law issues to the state court. I guess in state court they would say the same thing. We'd have to go through an interference first. Totally depriving us of our right to seek preliminary relief in the form of a preliminary injunction, forcing us to wait many years while the patent

office acted. In a case like that, that's not required. And I think the *Richardson* case makes that clear.

Now I'd like, your Honor, to take up this antitrust issue.

First of all there seems to be, if not a flat out statement, an implication that patent applications can't be licensed. And we've cited the Supreme Court case of *Aronson versus Quick Point* which makes it clear that of course you can license patent applications, and there may be great value in licensing patent applications. And one of the main values is that the licensee removes the likelihood that the patent will issue and he will be excluded from practicing this invention for 17 years. Nobody wants to set up a laboratory to make recombinant antibodies, get ready to market them, and find out that somebody, Stratagene, Scripps, has a patent that issues on them and all of a sudden they're precluded. They want to get in and get their licensing rights organized. And that's exactly what is indicated in *Aronson versus Quick Point*, and that exact point is addressed at 440 U.S. 265.

So there is a great deal of importance in the public in licensing these applications. We've stated in our complaint that 400 inquiries have come into Stratagene alone regarding the licensing of this. So obviously it's an important market. It's lucrative to Stratagene. We've indicated that they have a \$10,000 starting fee and a \$10,000 fee per year, plus a royalty. All of these things would indicate that this a very valuable market.

Now Stratagene has been precluded, in essence, from participating in this licensing, along with Scripps, because of the cloud in the title. Scripps doesn't have this cloud in the title. Huse assigned this invention application, whatever, which he says he owns to Scripps. So Scripps doesn't have that a cloud, but Stratagene does.

Stratagene has had, as we indicated, has had concerns by licensees about this cloud on their title. And what has that done? That has, in essence, reduced the market here from one licensee — from two licensees to one; from Stratagene and Scripps to just Scripps plus their sub-licensees Johnson & Johnson. And clearly this is a contract which has restrained trade. Stratagene has a great deal of expertise in this technology which people won't be able to license. Licensees will only have one source rather than two. When you have two sources, you always have competition, different deals, and obviously it's going to reduce competition. And as we went through in a detailed analysis, that's set forth in our complaint. We do say there is definitely an impact on the licensees and that not only is there damage to Stratagene, there is a damage to competition in general.

Now it was asserted in their original papers by Huse and Ixsys that Stratagene could somehow help itself by just walking hand and hand into the Ixsys office and say "we surrender. We'll settle on your terms. We do this because we want to get into the licensing market." Well, that's no answer, because to require somebody to take totally onerous terms will have the same effect as hurting them in another way from an antitrust standpoint. And we've indicated, again, by a detailed analysis, we've indicated that that sort of settlement was not possible. There are other issues of trade secrets and other issues between the parties which simply were not susceptible to settlement and resulted in this litigation. So that just doesn't work.

There is, finally, the question of whether this is a per se case like the *Klor's* case or the stock exchange case. We think it is. But the point is, we have not pitched our complaint on this being a per se case. We have alleged damage to competition, and thus, even if we don't have exactly the same facts as *Klor's*, it's not important

because we are in the situation where we have a combination, restraint of trade. It injured both competition and Stratagene specifically. And those facts are all pled. So it's not necessary that we fit into the exact fact pattern of *Klor's* which was a per se situation.

I will reserve my comments on the Scripps joinder unless the court would like me to address that also.

THE COURT: Not at this time.

MR. JOHNSON: Just a few brief remarks, your Honor, in reply.

With regard to the *MCV* case, again counsel has failed to read to the court the entire quote on that page. What it says on 1571 of that case is "*MCV's* cause of action is for correction of inventorship on the 148 patent and is created by section 256. An essential element under 256 is judicial determination of co-inventorship, a declaration, as it were, that Simon was a co-inventor of the drainless water cooler."

Well, I think when you read the case itself. It clearly indicates that that case applies only to issued patents and a cause of action under section 256.

As for the *Suzuki* case, I don't know what to say. I'm surprised it was cited this morning because as recently as Friday the plaintiff's filed papers with this case and that's never been mentioned in any of the prior cases; however, I seriously doubt that it has anymore application to this case than the *MCV* case which they said wholly supported their position.

Now I just want to briefly address this antitrust issue. And there is sort of a bracing tension here in the plaintiff's argument, on the one hand they cite the *Aronson* case to the court. The *Aronson* case, your Honor, we don't have any dispute with. In fact, we said in our papers there is nothing that prevents them from licensing

this technology. And there is nothing that prevents them from licensing the technology.

It's true there is a cloud of ownership — a cloud over the ownership of the technology. And that's a practical problem for them in terms of getting anyone to enter an agreement with them. The existence of that cloud on their title does not constitute an antitrust violation. And they have not cited a single case, nor in my opinion could they cite a single case that would so hold, that the mere existence of a clouded title over intellectual property or real property or any kind of property will constitute an antitrust violation.

And finally, they raise for the first time, they're saying, well, we're not claiming that this is a per se violation. Now this is the first I've heard of that. In any event, if they're not alleging a per se violation, then their complaint is patently defective, because in a rule-of-reason case you must allege what the relevant market is. And their complaint contains no allegations stating what the relevant market is. You're only excused from alleging what the relevant market is in a per se case.

That's all the comments I have, your Honor.

MR. OLSON: If I could make just a few brief replies, your Honor.

THE COURT: All right.

MR. OLSON: First of all with regard to the *MCV* case, at page 1570, the Federal Circuit says, this is in response to Mr. Johnson's argument that the only issue there was whether the cause arose under a federal statute 35 U.S.C. 256. That's prong one of *Christianson*, and he said that is different — *MCV* is different because it's prong one of *Christianson*. But as to prong two, is there a substantial federal patent issue. The court of appeals said in *MCV* at page 1570. It is also the case that relief



necessarily depends on resolution of a substantial question of federal patent law.

So it's clear that *Christianson* analyzed this case, said that you had to use section 112 to find out what the invention was, you had to use section 116 to find out if you had joint inventors, and you had to use section 102(f) for originality of conception. And having decided all that, it concluded that relief necessarily depended upon resolution of a substantial question of federal patent law. That's exactly what is required by *Christianson* and that's exactly what we have here with regard to relevant market.

We have identified the licensees: We've talked about the university licensees. We've talked about the commercial licensees. We talked about the geographical market both in the United States and worldwide, and we've given the facts which will set forth that market.

So I think as to that very last minute attempt to take a crack at our antitrust count. We have a — it's interesting with each paper and each argument that Huse has taken a new approach to the antitrust issue and in each case it simply has no force.

Thank you.

THE COURT: Well, before we — the threshold question is, of course, the court's jurisdiction as it pertains to counts one and two and nine, because those are the counts in which the court, the federal court, would have jurisdiction conferred on it.

As to counts one and two, I do not think that the court has jurisdiction for the reason, basically, that in count one the plaintiff seeks a declaration that Stratagene's president, Joseph Sorge, is a joint inventor of each of the claims in the Huse patent applications, and in count two, they seek the declaration that the new technology claimed in the Huse application was conceived while he

was employed at Stratagene. Now let's look at that a minute.

It is true that as to counts one and two, the allegation is that the jurisdiction is alleged to be under 28 U.S.C. 1338(a) which requires that a claim arise under the patent laws to be brought in the federal court, and the Supreme Court, as counsel for the plaintiff argued. Mr. Olson, has set up a two-prong test under the *Christianson* case. Federal patent law creates the cause of action or, as he said, he comes within a second prong, the plaintiff's right to relief necessarily depends on a resolution of a substantial question of federal patent law. That is the law. There is no question about it.

But in this case, at this time, however, it is the holding of the court that the issue of the joint inventorship is not ripe for judicial review because the patent and trademark office has not issued any patent based upon the Huse applications.

The *MCV* case, in the court's judgment, clearly limits such action to situations where the patent has already been issued which erroneously fails to name a co-inventor. That was the *MCV* case.

In addition, section 256 of title 35 specifically states that where a patent has not been issued, a purported co-inventor must bring his claim of joint inventorship before the patent and trademark office. And that's where you get into this allegation or action of inferences. This has been the holding in the *Consolidated Housewares* case. A plaintiff simply cannot circumvent the patent office proceedings by seeking prior resolution of joint inventorship issue in a federal court.

Therefore, I think count one must be dismissed.

Secondly, count two. There is no provision in the patent law authorizing federal courts to make a determination of the date of conception prior to the issue of



the patent. That is part of what the patent office will do and may do. But this case involves more than that. I think that, as Mr. Johnson clearly points out and as his first remarks stated, this is a matter of ownership over technology, and agreements are not subject to patent law, federal patent law. Agreements are contracts and they are subject to contract law. And that's what this is, it's an interpretation of a contract, if in fact a contract exists. It's not a matter of patent law at this juncture. And if there is, quote, inferences, unquote, then those matters should be taken up as to co-ownership, or co-inventorship either with the patent office and not with the federal court.

So count two as well must be dismissed.

As to count nine — well, before we go on to count nine, the ruling of the court is basically that since the patent applications involved in this case are still pending, the determination of such issues are exclusively within the province of the patent office.

Now going to count nine with respect to the antitrust claim. I think count nine as well has to be dismissed, because before a patent issues, any member of the public is free to practice the invention to the extent that he has the knowledge and to the extent that it is revealed. And accordingly, as far as Stratagene is concerned, there is no question but what if they have the knowledge and the technology. They would be free to license the technology to buyers. The problem, as pointed out again by Mr. Olson, and it is true that the cloud on the title, as a result of the licensing issue, which is a contract issue or which is an issue of co-inventorship which must be brought before the patent office. Those issues do not rise to antitrust violations or restraint of trade violations. They simply are matters that are practical matters rather than legal matters.

So insofar as any restraint of trade or monopoly is concerned, because a person is not willing to deal with another person because the other person has some — the person buying has some question as to the title, does not create a restraint of trade. That is not what the antitrust laws were made for.

So any type of agreement of that nature does not rise to the issue of antitrust or restraint of trade. Therefore, count nine must be dismissed.

Having dismissed the three counts, we need not determine the indispensable party question. However, we do have to address the sanction question.

Insofar as the court is concerned, it is one thing to sanction attorneys for malicious, frivolous actions, and it's another to sanction attorneys for being simply wrong. These attorneys who brought this case before the court were simply wrong. They are not malicious or frivolous in their claims. If the court — if the law is as they interpret the law to be, while I disagree with it, then perhaps they would no longer be frivolous. But simply being in the court's judgment wrong, that does not make it a malicious or frivolous claim.

So the motion for any sanctions in this matter is denied.

The case is dismissed in its entirety. And the preliminary injunction hearing currently set for July 23rd is herewith vacated.

Mr. Johnson, would you please draw the order according to what we discussed.

MR. JOHNSON: I will, your Honor.

THE COURT: Thank you.

Court stands in recess.

(proceedings adjourned at 11:30 a.m.)

I certify that the forgoing is a correct transcript from the record of proceedings in the above-entitled matter.

/s/ Ann Butcher  
Ann Butcher, Official Reporter

7-12-90



## APPENDIX E



**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

90-1525  
STRATAGENE,  
Plaintiff-Appellant,  
v.  
WILLIAM D. HUSE and IXSYS, INC.,  
Defendants-Appellees.

**O R D E R**

Before NIES, Chief Judge, NEWMAN, Circuit Judge,  
PLAGER, Circuit Judge.

A petition for rehearing having been filed in this case  
UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the  
same hereby is, denied.

The suggestion for rehearing in banc is under  
consideration.

The mandate will issue on June 19, 1991.

Dated: June 12, 1991

FOR THE COURT,  
/s/ Francis X. Gindhart  
Francis X. Gindhart, Clerk

cc: DOUGLAS E. OLSON  
RUSSELL L. JOHNSON

STRATAGENE V. HUSE,  
90-1525  
(DCT - 90-CV-588)

FILED  
U.S. Court of Appeals  
for the Federal Circuit  
JUN 12 1991  
Francis X. Gindhart  
Clerk

Note: Pursuant to Fed.Cir.R. 47.8, this order is not citable as  
precedent. It is a public record.





## APPENDIX F



**28 U.S.C. § 1295(a):**

(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction —

(1) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising under any Act of Congress relating to copyrights, exclusive rights in mask works, or trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title;

(2) of an appeal from a final decision of a district court of the United States the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1346 of this title, except that jurisdiction of an appeal in a case brought in a district court under section 1346(a)(1), 1346(b), 1346(e), or 1346 (f) of this title or under section 1346(a)(2) when the claim is founded upon an Act of Congress or a regulation of an executive department providing for internal revenue shall be governed by sections 1291, 1292, and 1294 of this title;

(3) of an appeal from a final decision of the United States Claims Court;

(4) of an appeal from a decision of —

(A) the Board of Patent Appeals and Interferences of the Patent and Trademark Office with respect to patent applications and interferences, at the instance of an applicant for a patent or any party to a patent interference, and any such appeal shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

(B) the Commissioner of Patents and Trademarks or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other proceedings as provided in Section 21 of the Trademark Act of 1946 (15 U.S.C. 1071); or

(C) a district court to which a case was directed pursuant to section 146 or 146 of title 35;

(5) of an appeal from a final decision of the United States Court of International Trade;

(6) to review the final determinations of the United States International Trade Commission relating to unfair practices in import trade, made under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337);

(7) to review, by appeal on questions of law only, findings of the Secretary of Commerce under U.S. note 6 to subchapter X of chapter 98 of the Harmonized Tariff Schedule of the United States (relating to importation of instruments or apparatus);

(8) of an appeal under section 71 of the Plant Variety Protection Act (7 U.S.C. 2461);

(9) of an appeal from a final order or final decision of the Merit Systems Protection Board, pursuant to sections 7703(b)(1) and 7703(d) of title 5; and

(10) of an appeal from a final decision of an agency board of contract appeals pursuant to section 8(g)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 607(g)(1)).

**28 U.S.C. § 1338(a):**

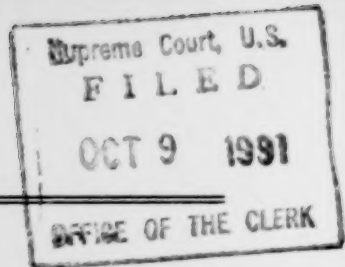
(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.

**28 U.S.C. § 1631:**

Whenever a civil action is filed in a court as defined in section 610 of this title or an appeal, including a petition for review of administrative action, is noticed for or filed with such a court and that court finds that there is a want of jurisdiction, the court shall, if it is in the interest of justice, transfer such action or appeal to any other such court in which the action or appeal could have been brought at the time it was filed or noticed, and the action or appeal shall proceed as if it had been filed in or noticed for the court to which it is transferred on the date upon which it was actually filed in or noticed for the court from which it is transferred.

2

No. 91-449



In The  
**Supreme Court of the United States-**  
October Term, 1991

STRATAGENE,

*Petitioner,*

v.

WILLIAM D. HUSE and IXSYS, INC.,

*Respondents.*

On Petition For A Writ Of Certiorari To The United  
States Court Of Appeals For The Federal Circuit

**RESPONDENTS' BRIEF IN OPPOSITION**

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## QUESTION PRESENTED

Where the Federal Circuit has, at petitioner's insistence, considered and decided all issues in an appeal from the district court's dismissal of a complaint alleging purported patent and antitrust claims, is the court obligated to grant petitioner's request for a post-judgment transfer of the antitrust claim to another circuit for a second appellate review if it affirms the district court's decision that the alleged patent issues are not ripe for review?

**PARTIES TO THE PROCEEDING**

The parties are identified in the caption. Respondent Ixsys, Inc. has no parent company or subsidiaries.



## TABLE OF CONTENTS

	Page
QUESTION PRESENTED .....	i
PARTIES TO THE PROCEEDING .....	ii
STATEMENT OF THE CASE.....	1
SUMMARY OF REASONS WHY CERTIORARI SHOULD BE DENIED.....	3
REASONS WHY CERTIORARI SHOULD BE DENIED .....	4
CONCLUSION .....	8

## TABLE OF AUTHORITIES

Page

## CASES

<i>Christianson v. Colt Industries Operating Corp.</i> , 486 U.S. 800 (1988) .....	6, 7
<i>Hargrove v. U.S.</i> , 1 Cl. Ct. 228 (Cl. Ct. 1982).....	5
<i>Squillacote v. U.S.</i> , 747 F.2d 432 (7th Cir. 1984), cert. denied, 471 U.S. 1016 (1985) .....	6
<i>Westside Property Owners v. Schlesinger</i> , 597 F.2d 1214 (9th Cir. 1979).....	5

## STATUTES AND CODES

Title 28, United States Code	
Section 1295(a)(1) .....	2, 4
Section 1338(a) .....	2, 4, 5
Section 1631 .....	4
Title 35, United States Code	
Section 111 .....	2
Section 116 .....	2

## RULES AND REGULATIONS

Federal Circuit Rules	
Rule 36. ....	3
Rule 36(e) .....	3

No. 91-449

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In The  
**Supreme Court of the United States**  
October Term, 1991

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STRATAGENE,

*Petitioner,*

v.

WILLIAM D. HUSE and IXSYS, INC.,

*Respondents.*

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On Petition For A Writ Of Certiorari To The United  
States Court Of Appeals For The Federal Circuit

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RESPONDENTS' BRIEF IN OPPOSITION

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STATEMENT OF THE CASE

The Petition for Certiorari omits significant aspects of the factual and procedural background of this case. In 1989, after resigning from his position at petitioner Stratagene, respondent Dr. Huse conceived of a novel approach to the production of antibodies and similar molecules. Petitioner nevertheless asserted a claim to Dr. Huse's invention under an agreement that Dr. Huse had entered while he was in petitioner's employ requiring him to assign his rights to ideas conceived during his employment with Stratagene.

In 1990, petitioner instituted this action claiming ownership of Dr. Huse's invention and asserting that

respondents had committed an "antitrust" violation in connection with an assignment agreement that they had entered with a third party for development of the invention. In an amended complaint, petitioner sought declaration of inventorship and of date of invention under the patent laws of the United States, 35 U.S.C. §§ 111, 116. The district court dismissed these claims on the ground that, until a patent had issued, petitioner's claims for a declaration of joint inventorship and date of invention were not ripe for review and petitioner's remedy, if any, was before the patent office. Pet. App., pp. D 20-D 22. The court dismissed petitioner's antitrust claim for failure to state a claim for relief because no injury to competition had been alleged. *Id.* The court pointed out that Stratagene had knowledge of the invention, and that, because no patent had issued, "any member of the public," including petitioner, was free to practice the invention. *Id.* at D 21.

Petitioner appealed the dismissal of its complaint to the United States Court of Appeals for the Federal Circuit. Respondents moved to dismiss the appeal on the ground that the case involved a dispute over ownership of Dr. Huse's idea, which arose under state contract law rather than the federal patent laws. Petitioner opposed dismissal on the ground that its claims for a declaration of joint inventorship and date of invention "arise solely under the patent laws in that they assert a right or interest under the patent laws," and thus supported jurisdiction in the court of appeals under 28 U.S.C. §§ 1338(a) and 1295(a)(1). Response by Appellant Stratagene to Motion of Appellees Huse and Ixsys to Dismiss for Lack of Jurisdiction, p. 6 (Oct. 29, 1990). On November 16,

1990, the court of appeals denied the motion to dismiss. The entire case, including both the viability of petitioner's claims for a declaration of joint inventorship and date of invention and its antitrust claim, was then fully briefed, heard, and decided by the merits panel.

On May 17, 1991, the court of appeals summarily affirmed the district court's dismissal of the action without opinion pursuant to Circuit Rule 36, which provides for such an affirmance where "a judgment or decision has been entered without an error of law; and an opinion would have no precedential value." Fed. Cir. Rules, Rule 36(e). After receipt of this adverse decision, petitioner filed a petition for rehearing, claiming that the Federal Circuit was instead required to transfer the case to the Ninth Circuit for decision of its antitrust claim. On June 12, 1991, the court of appeals denied rehearing, and on September 9, 1991, it declined petitioner's suggestion for rehearing *en banc*.

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#### SUMMARY OF REASONS WHY CERTIORARI SHOULD BE DENIED

The question posed by the petition is not presented by this case. Petitioner successfully opposed dismissal of its appeal by the Federal Circuit for lack of jurisdiction on the ground that its claims for declaration of inventorship and date of invention did arise under the patent laws. The Federal Circuit's decision affirming rather than dismissing petitioner's appeal indicates that that court determined that those claims, while they had been properly dismissed by the district court because they were not

ripe for review, did fall within the jurisdiction of the Federal Circuit under 28 U.S.C. §§ 1338(a) and 1295(a)(1). Moreover, even if that court had ultimately concluded that the claims at issue did not arise under the patent laws, it was not obligated to transfer petitioner's antitrust claim to the Ninth Circuit for a second appellate review. 28 U.S.C. § 1631 provides for transfer only if the court of appeals determines that would be "in the interest of justice." In this case, petitioner's attempt at forum shopping would not have been in the interest of justice, and the Federal Circuit's determination of this fact-specific question presents no issue worthy of this Court's attention.

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#### REASONS WHY CERTIORARI SHOULD BE DENIED

The petition for certiorari does not raise any claim of error (let alone error of such importance as would warrant the grant of certiorari by this Court) in the district court's dismissal of petitioner's complaint. Rather, petitioner claims that the court of appeals' summary affirmation of that decision was erroneous because, having ultimately upheld the district court's conclusion that petitioner had no presently ripe claim for a judicial declaration of joint inventorship or date of invention with respect to a patent that had not yet issued, that court was obligated to transfer the case to the United States Court of Appeals for the Ninth Circuit. Pet., pp. 3, 6-7.

That contention is incorrect. The plain language of 28 U.S.C. § 1631 requires the transfer of an appeal *only* if the court of appeals determines both that it lacks jurisdiction

over the appeal and that such a transfer would be "in the interest of justice." In this case, neither condition is satisfied. While petitioner asserts that the Federal Circuit accepted respondents' contention that the case did not arise under the patent laws (Pet., p. 3), that court's decision affirming rather than dismissing petitioner's appeal indicates that it ultimately concluded that petitioner's claims seeking a declaration of joint inventorship and date of invention, although properly dismissed because they were not ripe for review, did fall within the jurisdiction of that Court under 28 U.S.C. §§ 1338(a) and 1295(a)(1). Moreover, even if a reviewing court determines that it lacks jurisdiction over an appeal, it has discretion to refuse a transfer when it concludes that a transfer would not serve the interest of justice. See, e.g., *Hargrove v. U.S.*, 1 Cl. Ct. 228 (Cl. Ct. 1982) (court properly refused to transfer case after granting motion to dismiss appeal for want of jurisdiction); cf. *Westside Property Owners v. Schlesinger*, 597 F.2d 1214, 1220 (9th Cir. 1979) (transfer not required even where claims would be barred by statute of limitations). Contrary to petitioner's contention (Pet., p. 3), there is no conflict of decision on this issue.

As the court of appeals correctly concluded, the interests of justice would not have been served by transferring petitioner's purported antitrust claim to the Ninth Circuit in this case. Respondents promptly brought the question of jurisdiction before the court of appeals by their motion to dismiss the appeal. Petitioner, however, vigorously opposed that motion on the ground that its claims for declaration of joint inventorship and date of invention arose under the patent laws and the entire case



should be decided by the Federal Circuit. Petitioner's position prevailed. As a result, it succeeded in keeping the entire appeal before the Federal Circuit for decision, and both parties devoted considerable time and effort to fully briefing the antitrust issues that petitioner, after receipt of an adverse decision, now asserts should be transferred to the Ninth Circuit for duplicative review. To require the transfer of this case at this juncture would contravene Congress' clearly expressed intent when it created the Federal Circuit:

The Committee is concerned that the exclusive jurisdiction over patent claims of the new Federal Circuit not be manipulated. \* \* \* It is not intended to create forum shopping opportunities between the Federal Circuit and the regional courts of appeals on other claims.

*See Squillacote v. U.S.*, 747 F.2d 432, 435 (7th Cir. 1984), cert. denied, 471 U.S. 1016 (1985) (quoting Senate Report; petition for rehearing and rehearing *en banc* denied; government's request to transfer case to the Federal Circuit denied). Having sought a decision on the merits and lost, petitioner's request for transfer amounts to the very type of forum shopping that Congress condemned.

Petitioner's contention that the Federal Circuit was required to transfer this case by this Court's decision in *Christianson v. Colt Industries Operating Corp.*, 486 U.S. 800 (1988) is incorrect. As noted above, unlike *Christianson*, the Federal Circuit in this case rejected respondents' motion to dismiss the appeal for lack of jurisdiction. Further, *Christianson* did not hold that transfer is mandated in all cases in which the Federal Circuit, after full hearing, ultimately determines that a case does not arise



under the patent laws. To the contrary, this Court specifically reaffirmed that transfer is mandated only when the court of appeals determines that it is "in the interest of justice." *Id.* at 818, quoting 28 U.S.C. § 1631. In *Christianson*, this Court remanded the case to be transferred to the Seventh Circuit *only* because the Federal Circuit had previously determined – in a ruling that had become law of the case – that transfer was appropriate under the much different circumstances present in that case. This Court explained that the courts of appeals should adhere "strictly to principles of law of the case" in cases involving controverted issues of transfer. *Id.* at 819. To do otherwise "would undermine public confidence in our judiciary, squander private and public resources, and commit far too much of this Court's calendar to the resolution of fact-specific jurisdictional disputes that lack national importance." *Id.* at 818-819. In this case, in contrast to *Christianson*, the Federal Circuit has properly concluded that transfer is *not* appropriate, and there is no occasion for this Court to issue certiorari to review its decision of this "fact specific jurisdictional dispute" that presents no question of general importance.

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## CONCLUSION

For the reasons stated, the petition for a writ of certiorari should be denied.

Respectfully submitted,

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